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IN THE

Supreme Court of the United States

OCTOBER TERM, 1956

No. 598

JOHN S. NACHTMAN, *Petitioner*

v.

JONES & LAUGHLIN STEEL CORPORATION

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

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INDEX

	Page
Opinions Below	2
Jurisdiction	2
Questions Presented	2
Statement of the Case	3
A. *Proceedings Below*	3
B. *The Evidence*	4
1. *Plaintiff's witnesses*	4
John S. Nachtman	4
Dr. Reginald S. Dean	6
James R. Powell	7
Marion T. Arganbright—Albert Brown	7
2. *Defense witnesses*	8
Frank Bursa, Arthur W. Kilroy and Arthur M. Hatfield	8
Louis J. Reed	10
3. *Rebuttal evidence*	13
Sam Tour	13
Reasons for Granting the Writ	14
I. The Trial Judge, With the Court Below's Later Approval, Usurped the Jury's Exclusive Function By Granting Judgment N.O.V. on Conflicting Evidence as to Validity of the Patents; That Action is a Shocking Invasion of the Jury's Authority and a Gross Impairment of the Constitutional Right to Trial by Jury in Patent Cases as in Other Jury Actions	14

Page

A. Resolution of the Validity Issues Necessarily Turned on Numerous Open Factual Questions, Which the Trial Court Improperly Resolved Contrary to the Verdict 14

B. No Question Has Been Raised That the Jury Acted Other than Under Proper Instructions of Law; The Question is Whether Judge or Jury are to Resolve Evidentiary Disputes Within the Framework of the Legal Principles Underlying the Concept of Invention 19

C. This Court Has Had No Occasion in This Century to Define the Limits of Judicial Review of Jury Verdicts in Patent Cases; A Restatement of the Constitutional Limits of Review Would be Timely Because of the Current Trend to Substitute Judicial Views of the Facts For Jury Findings 32

II. The Evidence of Patentability Was not More Substantial Because of the Procedural Error of the Trial Court in Excluding Rebuttal Proof of Validity; the Trial Court's Ruling is Contrary to the Statutory Presumption of Validity Imposing the Burden of Proof of Invalidity on the Defense 33

III. The Directed Verdict on the Cause of Action for Wrongful Misappropriation Deprived Plaintiff of His Right to a Jury Trial on This Claim; The Rulings Below That a Cause of Action Was Not Established Conflict With Decisions of Other Circuits 34

Conclusion 38

Appendix A—Opinion of Court of Appeals

Appendix B—Some of the Factual Issues Improperly Resolved by Trial Judge on Disputed Evidence

CITATIONS

CASES: Page

Abott v. *Coe,* 71 App. D.C. 195, 109 F.2d 449, 451 (1940) 19
Aetna Life Ins. Co. v. *Moyer,* 113 F.2d 974, 980 (C.A. 3 (1940) 17
Aetna Life Ins. Co. v. *Ward,* 140 U.S. 76, 88, 35 L.ed. 371 (1890) 26
A. & P. v. *Super-Market Equip. Co.;* 340 U.S. 147, 95 L.ed. 162 (1950) 30
Barbed Wire Patent, 143 U.S. 275, 284, 36 L.ed. 154 (1891) 18, 22
Battin v. *Taggert,* 17 Howard 74, 15 L.ed. 37 (1854) ..27, 32
Bischoff v. *Wethered,* 76 U.S. 812, 19 L.ed. 829 (1869) 28
Booth v. *Stutz Motor Car Co.,* 56 F.2d 962 (C.A. 7, 1932) 36
Burcham v. *J. P. Stevens & Co., Inc.,* 209 F.2d 35, 38 (C.A. 4, 1954) 26
Carver v. *Braintree Mfg. Co.,* Fed. Case No. 2,485, 2 Story 432 (C.C. Mass., 1843) 28
Charles Peckat Mfg. Co. v. *Jacobs,* 178 F. 2d 794 (C.A. 7, 1949); *cert. den.* 339 U.S. 915 22
Consolidated Contract Co. v. *Hassam Paving Co.,* 227 Fed. 436 (C.A. 9, 1915) 8
Deering v. *Winona Harvester Works,* 155 U.S. 286, 39 L.ed. 153 (1894) 22
Diamond Rubber Co. v. *Consolidated Tire Co.,* 220 U.S. 428, 434, 55 L.ed. 527 (1911) 20
Dyer v. *MacDougall,* 201 F.2d 265, 269 (C.A. 2, 1952) 16
Foote v. *Selsby,* Fed. Case No. 4,916 (C.C. N.Y., 1849), aff'd 55 U.S. 218..... 28
Gen'l Talking Pictures Corp. v. *Amer. Tri-Ergon Corp.,* 96 F.2d 800, 811 (C.A. 3, 1938) 19
Gunning v. *Cooley,* 281 U.S. 90, 74 L.ed. 720 (1930).. 26
Heide v. *Panoulias,* 188 Fed. 914, 916-917 (C.A. 2, 1911) 28
Hoeltke v. *C. M. Kemp Mfg. Co.,* 80 F.2d 912 (C.A. 4, 1936), *cert. den.* 298 U.S. 673 36
Hunt Bros. Fruit Packing Co. v. *Cassidy,* 53 Fed. 257 (C.A. 3, 1892) 28
James Heddon's Sons v. *South Bend Bait Co.,* 14 F.2d 805 (C.A. 7, 1926), *cert. den.* 273 U.S. 137 (1927) 22
Keyes v. *Grant,* 118 U.S. 25, 36, 30 L.ed. 54, 58 (1886) 27

Page

Macbeth-Evans Glass Co. v. *Schnelbach*, 239 Pa. 76, 86 A. 688 (1913) 35
Michle Printing Press & Mfg. Co., et al. v. *Miller Saw Trimmer Co.*, 6 F.2d 417, 418 (C.A. 3, 1925)..... 19
Morgan v. *Daniels*, 153 U.S. 120, 38 L.ed. 657 (1894).. 19
Mumm v. *Decker & Sons*, 301 U.S. 168, 171-2, 81 L.ed. 983, 985-6 (1937) 34
Neff v. *Pa. R.R. Co.*, 173 F.2d 931 (C.A. 3, 1949)..... 17
Neville Coke & Chemical Co. v. *Comm. Internal Revenue*, 148 F.2d 599, 603 (C.A. 3, 1945), *cert. den.* 326 U.S. 726, 90 L.ed. 431 16
N.L.R.B. v. *Howell Chevrolet Co.*, 204 F.2d 79, 86 (C.A. 9, 1953) 16
Packwood v. *Briggs & Stratton Corp.*, 195 F.2d 971 (C.A. 3, 1952), *cert. den.* 344 U.S. 844 30
Poppenhusen v. *Falke*, Fed. Case No. 11,279 (C.C. N.Y. 1861) 28
Quock Ting v. *U.S.*, 140 U.S. 417, 35 L.ed. 501 (1891).. 16
Sartor v. *Arkansas Natural Gas Corp.*, 190 F.2d 921 (C.A. 2, 1951) 16
Schreyer v. *Casco Products Corp.*, 190 F.2d 921 (C.A. 2, 1951) 36, 37
Schulz v. *Pa. R.R. Co.*, 100 L.ed. 430, 432-433 29
The S.C.L. No. 9, 114 F.2d 964 (C.A. 3, 1940)..... 16
Smith v. *Dravo Corp.*, 203 F.2d 369 (C.A. 7, 1953) 35, 36, 37
Sonnetheil v. *Christian Moerlein Brewing Co.*, 172 U.S. 401, 408, 43 L.ed. 492 (1898) 16
T.H. Symington Co. v. *National Malleable Casting Co.*, 250 U.S. 383, 63 L.ed. 1045 (1919) 8
Tennant v. *Peoria & Pekin Union R. Co.*, 321 U.S. 29, 35, 88 L.ed. 525 (1943) 26
The Conqueror, 166 U.S. 110, 131, 41 L.ed. 937 (1897) 16
The Santissima Trinidad, 7 Whet. (U.S.) 283, 5 L.ed. 454 (1822) 16
Thompson Spot Welder Co. v. *Ford Motor Co.*, 265 U.S. 445, 68 L.ed. 1098 (1924) 28
Turril v. *Michigan Southern & N.I.R. Co.*, 68 U.S. 491, 17 L.ed. 668 (1862) 28
Washburn v. *Gould*, Fed. Case No. 17,214, 3 Story 122 (C.C. Mass., 1844) 28

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

Petitioner, JOHN S. NACHTMAN, prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Third Circuit affirming a judgment of the United States District Court for the Western District of Pennsylvania, the trial court having directed a verdict on petitioner's cause of action for wrongful misappropriation of ideas and plans and having granted judgment n.o.v. on his cause of action for patent infringement after a jury verdict finding said patents valid and awarding petitioner damages for their infringement.

OPINIONS BELOW

The opinion of the Court of Appeals is reported at 235 F. 2d 211 (also reprinted as Appendix A hereto). The opinion of the District Court is reported at 90 F. Supp. 739 (also I 327-353a).

JURISDICTION

The judgment of the Court of Appeals was entered June 27, 1956. A timely petition for rehearing was denied on August 31, 1956. Jurisdiction of this Court is invoked under 28 U.S.C. 1254 (1).

QUESTIONS PRESENTED

In a suit for infringement based on four complex combination patents covering processes and apparatus in the art of electro-tinning of steel strip and for misappropriation of know-how and operating information to practice electro-tinning disclosed in the course of negotiations contemplating the sale of electro-tinning apparatus, the trial court directed a verdict on the misappropriation cause of action and granted judgment n.o.v. after a jury verdict for plaintiff-petitioner in the infringement action. The questions presented are:

1. Whether petitioner was effectively denied his constitutional right of trial by jury when the trial court, by substituting its own comparison and analysis of structures and its own selection and views of evidence, held the patents to be anticipated unpatentable aggregations after the jury had made special findings of validity on the basis of conflicting evidence with respect thereto submitted to the jury under the very instructions requested by the defendant-respondent.

2. Whether in view of (a) the statutory presumption of validity, (b) the wide acceptance and use of petitioner's patents under license, (c) the extreme complexity of the patents, (d) the art's need for the solution furnished, (e)

uncontradicted evidence that petitioner was the first to install and operate continuous electro-tinning systems and (f) expert testimony with respect to the interdependence of the several steps in the combination patents—the trial court can, by judgment n.o.v., intrude into the jury's exclusive fact-finding province and substitute its own views of novelty, invention, anticipation, patentable combination, etc.

3. Whether the trial court's power to review the evidence on motion for judgment n.o.v. is any greater in patent litigation than in other jury cases.

4. Whether petitioner was denied a fair trial in view of the trial court's refusal to permit him to offer rebuttal testimony on the validity issues to contravene the defense of invalidity.

5. Whether the trial court erred in directing a verdict on the claim for misappropriation, and the Court of Appeals erred in affirming that direction, in the light of conflicting decisions in other courts of appeal that an actionable breach of confidential disclosure exists in such circumstances.

STATEMENT OF THE CASE

A. PROCEEDINGS BELOW

On July 3, 1950, petitioner filed an amended complaint charging: (1) infringement of certain of his electro-tinning patents[1] and (2) wrongful misappropriation of ideas and

[1] Reissue 20,788—Pl. Ex. 1, II 356*-358a; 2,240,265—Pl. Ex. 2, II 359-372a; 2,459,674—Pl. Ex. 3, II 373-382a. Nachtman 2,341,157 listed in the complaint was voluntarily dropped at the pre-trial, and Nachtman 2,576,074 (Pl. Ex. 4, II 383-392a) was brought in by counterclaim filed January 25, 1952. Claim for damages on the latter patent was withdrawn before the case was submitted to the jury (I 321-322a; see also I 312-313a).

[*II 356a refers to Appellant's Appendix below, Volume II. Use of the letter "b" after the page number indicates Appellee's Appendix.]

plans submitted to respondent via the Blaw-Knox Company with whom petitioner was associated. Trial by jury terminated by a directed verdict on the latter cause of action (I 320-321a; see also I 284-285a, I 309-310a, 311a) and by a plaintiff's verdict in the sum of $1,474,495.72 for infringement of the first three patents in issue (I 324, 326a) after the jury had specially found each of petitioner's four patents in issue valid and infringed (I 324-326a). Thereafter, in an opinion and order of August 4, 1955 (I 327-354a), the trial court granted judgment n.o.v. on the ground petitioner's patents were invalid, the thrust of the opinion being that they were anticipated by prior art and were unpatentable aggregations.[2] The Court below affirmed by an opinion which, insofar as the patent issues were concerned, was in effect merely an adoption by reference of the trial court's opinion.

B. THE EVIDENCE[3]

1. Plaintiff's Witnesses:

JOHN S. NACHTMAN

After describing his academic background in metallurgy and his continuous practical industrial experience from 1922 until shortly before trial when he was supervisor of materials and research for the Navy (I 11-14a), petitioner

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[2] Simultaneously, the trial court entered an alternative order granting a motion for new trial on the ground there was no substantial evidence to support the jury's verdict on damages and that the verdict was excessive (I 355a; I 352-353a).

While petitioner is of the view, urged below, that in the evidentiary situation on the damage issue this was an abuse of discretion, that question is not presented here because it was not passed upon below.

[3] Because the questions here presented involve the sufficiency of the evidence—most favorably construed for plaintiff—to support causes of action upon which a jury verdict for petitioner should have been invulnerable from judicial interference, it will, unfortunately, be necessary to discuss the evidence at some length to show how petitioner has been denied his constitutional right of trial by jury.

testified that in 1929 he installed at Thomas Steel Company the first pilot line and in 1931-1932, the first commercial line for continuous electro-tinplating, that to the best of his knowledge this was the first such continuous tin line in this country or Europe and that he alone determined and was responsible for the components and setup of those lines (I 16-21a); that until that time tinplate had been produced by slower and inferior, non-continuous hot-dip methods (I 21-22a); that the Thomas line, which he laid out and installed, was essentially that covered by his Reissue Patent 20,788 (I 49-53a) and produced the first continuous electro-tinplate satisfactory for deep drawing, stamping and forming (I 48a); that in 1936, while at Crucible Steel Company, he installed another continuous electro-tinning line, the lay-out and components of which were his own creation incorporating his inventions (I 45a), which tin line included novel advances over the Thomas line (such as higher speed, tension control, wet mechanical brushing, a brightening unit, etc.) and that, to his knowledge, this Crucible line was the first continuous electro-tinning installation in the world for production of bright tinplate (I 22-26a).

Petitioner further testified (I 26-40a) that in the late 30's he became associated with the Blaw-Knox Company to head a newly created Electro-Chemical Division set up to design and manufacture continuous electro-plating equipment; that he had a contract with Blaw-Knox—the terms of which the trial court erroneously excluded from evidence, but which was proffered to show petitioner's financial interest in Blaw-Knox activities (see I 155-159a, I 27-30a); that in 1938 and 1939, he and other Blaw-Knox officials negotiated with Jones & Laughlin officials for the sale of continuous electro-tinning lines; that under dates of May 12, 1938 (Pl. Ex. 41, I 32-36a) and September 19, 1939 (Pl. Ex. 42, I 37-39a), submitting detailed engineering drawings and specifications, detailed offers to sell such equipment were made—the disclosures of which on their

face, show that they were based on petitioner's ideas and inventions, which petitioner corroborated by testifying that he was the only one at Blaw-Knox with a background and know-how in electro-tinning and that he furnished the necessary technical data and information for composing the tin lines in question (I 39-40a).

Petitioner also testified that subsequent to his association with Blaw-Knox he became head of research at Sharon Steel where a pilot (experimental) tin line, the components of which he determined, was set up under his supervision and direction and that during this period (1944-1945) J. & L. officials inspected the Sharon installation and talked with him because, as they told him, J. & L. was encountering difficulties in its then new continuous electro-tinning lines (I 41-43a, I 57-58a). Finally, petitioner testified he had licensed the majority (eleven) of the steel companies producing tinplate, to produce under his patents (I 44-45a).

DR. REGINALD S. DEAN

After stating his extensive experience in metallurgical engineering (I 72-77a), Dr. Dean made a step by step comparison of the Blaw-Knox disclosures with respondent's electro-tinning lines (I 77-97a). He concluded "that the succession of steps is identical in the two lines. Every important step . . . every significant step in the continuous plating of tin is found in both of these lines . . . the sequence is the same . . . [and] the function of each piece of equipment is equivalent, particularly the functioning of each element in these two lines are equivalent" (I 97a). On cross-examination, he further testified that the Blaw-Knox submission (including the specifications, letters of transmittal, etc.) ". . . provided a general engineering basis to teach one how to carry out the general process . . ." (I 134a).

Dr. Dean made similar step by step comparisons of respondent's infringing structure with the disclosures of petitioner's patents and concluded that the elements or steps of each of petitioner's patents was duplicated in the required sequence in respondent's infringing structure by identical or equivalent elements or steps. As to Reissue 20,788, see I 98-106a; as to 2,240,265 see I 108-117a; as to 2,459,674 see I 117-121a, and; as to 2,576,074 see I 121-126a. There was only token opposition to Dr. Dean's overwhelming proof of infringement.

Dr. Dean also explained the inter-relationship of the several Nachtman patents in issue (I 106-107a) and their relation to the Blaw-Knox submission, the latter occupying "a somewhat different position than these patents [in that it] is an attempt on the part of the inventor or his associates to provide an engineering basis, description, drawings, to teach the people to whom it was presented and who were presumably skilled in the general art, how to carry out the continuous tinning operation" (I 107a).

JAMES R. POWELL

Powell, a J. & L. official, testified that the installation of electro-tinning at J. & L. was a "war baby" brought about by the urgent need for conservation of basic tin (I 152a; see also I 257a where trial judge inhibited cross-examination of defense witness Reed on this subject).

MARION T. ARGANBRIGHT—ALBERT BROWN

Arganbright, a J. & L. fiscal official, testified to the production and sales figures for hot-dip and electro-tin for the six year infringing period (I 159-166a; see also I 285-286a) which showed that during the period in question (1944-1950), the sales of electro-tin sharply increased while those of hot-dip decreased. Brown, another J. & L. official, confirmed that electro-tin production increased year by year while hot-dip decreased (I 161-165a), and further

that electro-tinning permitted thinner and variable coating of basic tin not possible under the old hot-dip methods (I 165-166a; to same effect see testimony of defense witness Reed at I 201-202a, I 206-207a).

2. Defense Witnesses:

FRANK BURSA, ARTHUR W. KILROY AND ARTHUR M. HATFIELD

These employees (or former employees) of Acme Steel Company testified, on deposition, in a defense effort to establish that the Acme electro-galvanizing practice anticipated petitioner's inventions. In so accepting that testimony (I 335a), the trial court's opinion omits vital testimony of these witnesses seriously reflecting upon the probative weight of their effort to establish the Acme practice as prior use.

Bursa was a mechanic (I 167a, I 172a, I 63b) without any knowledge of physics or chemistry or of the solutions used at Acme (I 168a, 172a), nor did he have any technical knowledge of the details of the alleged Acme installations (see, e.g., I 169a, I 171a, I 173-174a). He handled generators and the cleaning of a zinc electro-galvanizing line, yet he was called upon to testify from memory as to a chemical zinc electro-galvanizing process and apparatus forty years (Bursa I 64b) after the event! The Acme No. 1 line was admittedly experimental (I 173a, I 57b, I 65b) and was dismantled when No. 2, which was entirely different (I 52b), was built in 1916 (I 178a, I 171a, I 65b).[4]

Bursa's testimony as to Acme lines 3 [installed a year after No. 2 (I 171a)] through 12 is worthless because after 1917 he had nothing to do with this galvanizing equipment (I 170a, I 64b). In any event, Bursa's testimony that

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[4] Having been an abandoned experiment, the No. 1 line could not, of course, constitute anticipation. *T. H. Symington Co.* v. *National Malleable Casting Co.*, 250 U.S. 383, 63 L. ed. 1045 (1919); *Consolidated Contract Co.* v. *Hassam Paving Co.*, 227 F. 436, 441 (C.A. 9, 1915).

Acme's lines 2-12 all used a lead pan to heat the strip and not box annealing (I 176a, I 52b), plainly destroyed that practice as prior public use of petitioner's Reissue process because uncontradicted evidence for petitioner (See Tour *infra*) established that a lead pan process cannot be used as suitable preparation for tin electro-plating.

Finally, as to Bursa's testimony (as well as that of the other Acme personnel) there were no correlated drawings or other physical exhibits to corroborate or support his putative forty-year memory of the actual continuous operation of an involved electro-chemical *process* and apparatus with which he, a mechanic, had nothing to do after 1917, and precious little to do with prior to 1917! A transparent attempt was made to introduce some exhibits, but they were directed to isolated elements in the Acme line susceptible to any interpretation desired; some were not clearly identified, some were after Bursa's time with these lines and most were old and well known brackets and tanks commonly used for all kinds of things. None could possibly corroborate the existence of any specific continuous or other electro-plating process or apparatus; all were nondescript items with no specificity to indicate any process or apparatus predecessor to the patents in suit.

The other Acme mechanic, Hatfield, is even less acceptable. Hatfield contradicted Bursa as to who installed No. 2, Bursa saying Meaker (I 168a, I 55b), while Hatfield claimed he built it (I 182a, I 79b). Hatfield said they started out with brushes on line No. 7 which gave trouble, whereas Bursa suggested that the absence of brushing rolls on No. 7 was because the drawing was merely a layout (original Trial Transcript pp. 460, 398). Yet Hatfield insisted there were brushes with wood cores and said nothing of brushing rolls (original Trial Transcript p. 461). Hatfield insisted Acme built No. 7 (I 182a) and he saw nobody from Meaker (I 183a, I 75b).

Kilroy, the other Acme witness, agreed with Bursa that No. 1 was only experimental (I 178a). He admitted they used acid with too high a temperature on the steel strip in operating the No. 2 line (original Trial Transcript pp. 438-439). He contradicted Bursa by saying No. 2 was not a Meaker installation (original Trial Transcript p. 439). He did not know the proportions in the zinc plating solution. He testified that there was no electro-galvanizing of strip at the Riverdale plant of Acme until he came out in 1928 and installed the No. 7 line (original Trial Transcript p. 431). There was no hoist in the No. 2 line as originally installed (original Trial Transcript p. 440). He discredited the Meaker installations by testifying they created brittleness in the strip (I 179a), but he did not tell how or when he cured that deficiency.

One of the features in Nachtman patent 2,240,265 making a major contribution to the continuous method of producing steel strip with bright electro-tinplate, is *wet* mechanical cleaning. The trial court below said that Hatfield's uncontradicted testimony showed the same brushing at Acme (I 343-344a). But, as shown, Hatfield was a mechanic testifying from memory to an electro-chemical process some twenty years after the event, his testimony was in part inconsistent with other Acme witnesses and there were no exhibits or other tangible evidence to support his assertion that Acme used wet mechanical brushing.

Louis J. Reed

This J. & L. official sought to establish that a series of prior patents and uses anticipated Nachtman and that, in several respects, the J. & L. tin lines did not conform to the Nachtman disclosures. On cross-examination each of those alleged prior art patents or uses and each of the alleged distinctions between J. & L. and Nachtman was inquired into with the result: that Reed admitted to numerous material differences between the Acme-Meaker electro-galvanizing practice as compared to Nachtman—

J. & L. electro-tinning (I 194-199a, I 216-217a); that Reed admitted to material distinctions between the Kirschner patent and Nachtman—J. & L. (I 219-226a); that Reed admitted to material distinctions between Nachtman—J. & L. and the Aronson patent (I 226-234a), the Aylsworth patent (I 234-240a),[5] the King patent (I 240-242a), the Mascuch patent (I 242-250a, I 273-276a), the Coe patent (I 250-251a), the Ferm patent (I 252-254a), the Stahl und Eisen disclosures (I 254-255a) and the Madsenell process (I 255-256a).

Reed in effect admitted that he could not point to any alleged prior art which individually or collectively described a complete continuous electro-tinning line in its indicated sequence of steps (I 240a, I 218-220a) and he did not know of any continuous electro-tinning mill before 1929 (when petitioner installed the first Thomas line) or of any line for bright tin plate before 1936 (when petitioner installed the line with a brightener at Crucible—I 261a).

Finally, Reed attempted to show non-invention by testifying that continuous electro-tinning was not practicable until development of the so-called 4-high mill for rolling of thin sheet steel and he identified an obviously inadmissible article from a technical magazine purporting to prove the relatively late development of the 4-high mill.[6]

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[5] On direct, Reed compared the pickling step in Aylsworth with that provided in Nachtman and J. & L. On cross, however, he admitted that Aylsworth called for an alkaline pickle while Nachtman and J. & L. used an acid pickle to remove scale and rust before plating. He could not state whether an alkaline could perform the same function—which it cannot—because he said, he did not know enough about chemistry (I 234-238a).

[6] Petitioner validly objected to introduction of this alleged historical article from the American Iron & Steel Institute Year Book on the ground its assertions offered to prove the advent of thin-gauge rolling were hearsay and admission of the article would defeat cross-examination. The article was erroneously admitted (I 187-189a) and relied upon by the trial court in its opinion implying that the Nachtman developments were inevitable after thin-gauge rolling was developed as indicated in that article (I 338a).

However, cross-examination revealed that thin rolled strip steel had long been available and that Reed's knowledge of the subject was itself thin (I 208-213a).

Because of its impact from a credibility standpoint (reflecting on his interpretation of alleged prior art patents and uses adopted by the trial court on the validity issues), it is important to briefly refer to Reed's testimony on the infringement issue. Reed noted several distinctions between the J. & L. line and the Nachtman patents, which, upon cross-examination, were shown to be questionable and/or falsified. Thus: (1) Reed claimed that when J. & L. was forced to put in a continuous electro-tinning line during the war [to save tin], it cut short its own investigations and bought the plans of an established producer, Crown Cork & Seal Company, but he admitted that examination of the Crown Cork drawings, which were not produced at the trial, would offer the best means of determining whether J. & L. had in fact based its line on Crown Cork (I 258-261a); (2) based on alleged schematic drawings of its wet brusher, Reed claimed that it did not brush "arcuate" surfaces of the tin strip (as claimed in Nachtman 2,240,265)—Dr. Dean to the contrary (I 139-140a)—but on cross-examination Reed conceded that there were original installation drawings for the brusher not produced in court which he had not compared with the schematic—after the fact—reproductions (I 261-263a; see also I 190-191a where petitioner objected to the admissibility of schematic drawings in lieu of the original installation drawings);[7] (3) Reed testified that while Nachtman's patent 2,459,674 called for a two-zone fusing chamber, in the J. & L. brightener there was only one zone and he demonstrated from a colored schematic drawing prepared by him to so establish the fact, but on cross-

[7] Dr. Dean and petitioner both testified that when they inspected the J. & L. line [as provided by court order], the brusher had a cover on it which, they were told, could not be removed while the line was in operation (I 139a, I 71a, I 68-69a).

examination, when faced with a photograph of the J. & L. brightener, Reed admitted that because the spacing of the induction coils at the top and bottom of its brightener and the current applied in each area was substantially disparate, it was in effect a two-zone fusion chamber (I 264-266a); (4) Reed, testifying from a large-scale coloramic rendering of the J. & L. line prepared under his direction shortly before trial and purporting to be the same as certain of petitioner's exhibits which had been prepared under his (Reed's) supervision when this case was in its infancy (and then delivered to petitioner), stated that the J. & L. line was different than Nachtman patent 2,240,265 in that Nachtman called for the strip to proceed "immediately" from the wet brusher to the plating tank whereas at J. & L. the strip first went through a rinse tank, but on cross-examination when confronted with the fact that that purported rinse tank did not appear on petitioner's exhibits he could not explain the discrepancy (I 214-216a).

3. Rebuttal Evidence:

SAM TOUR

This witness, long experienced, academically and practically, in the metallurgical field (I 286-289a), was called principally to rebut the defense evidence of invalidity and to explain the inter-relationship of the elements in the Nachtman patents so as to prove invention and that there was a true combination rather than mere aggregation, but after an extended colloquy the trial judge inhibited such rebuttal proof on the erroneous ground that having relief on the presumption of validity, rebuttal proof could not extend to the same matter except insofar as such rebuttal was directed to specific prior art patents testified to by witnesses for the defense (see Reasons For Granting the Writ, *infra*, Point II). To the extent he was permitted to testify on matters affecting validity, Tour briefly differentiated the Meaker, Acme and Stahl und Eisen practices and disclosures relating to electro-galvanizing from electro-

tinning as disclosed by Nachtman and practiced by J. & L., pointing out that the essential difference between the two arts was in the pre-treatment and that the sequence of pre-treatment or preparatory steps for electro-tinning was essentially different and what would work for electro-galvanizing would not work for electro-tinning (I 296-301a). The witness further testified that he had examined the several other prior art references relied upon by the defense and compared them with the Nachtman patents and that in his opinion none of them read on the Nachtman patents and none disclosed a method or apparatus suitable for continuous electro-tinning (I 301-302a).

REASONS FOR GRANTING THE WRIT

I.

THE TRIAL COURT USURPED THE JURY'S EXCLUSIVE FUNCTION BY GRANTING JUDGMENT N.O.V. ON CONFLICTING EVIDENCE AS TO VALIDITY OF THE PATENTS; THAT ACTION IS A SHOCKING INVASION OF THE JURY'S AUTHORITY AND A GROSS IMPAIRMENT OF THE CONSTITUTIONAL RIGHT TO TRIAL BY JURY IN PATENT CASES AS IN OTHER JURY ACTIONS.

A. Resolution of the Validity Issues Necessarily Turned on Numerous Open Factual Questions, Which the Trial Court Improperly Resolved Contrary to the Verdict

If the "facts" are as marshalled in the trial court's opinion, then the conclusions reached below are probably sound. But, notwithstanding the lip service given by the trial judge (I 332-333a) to the requirement that ". . . the evidence in the case is now to be reviewed on the basis that plaintiff is entitled to all the inferences and the evidence is to be considered in the light most favorable to him, because he has the verdict of the jury . . .", the trial judge did not in fact so approach the evidentiary record. Regardless what the trial judge *said* about judicial limits upon review of jury verdicts, he *in fact* completely pre-empted the jury's prerogative and reached the conclusion he did only by following *his* personal conclusions

on the evidence, *his* personal views as to relative credibility, *his* personal views as to relative probative weight of the evidence and *his* personal comparison of structures.

Symptomatic and typical of that gross departure from the constitutional dichotomy of functions between judges and juries, is the trial court's extensive quotation from and reliance upon an article which appeared in a trade magazine "Steel" on June 19, 1939, under the name of plaintiff, John S. Nachtman, to indicate as a "fact" what the state of the art was when petitioner applied for and obtained his patents (I 330-333a; see also references at I 338a, I 343a).

Over petitioner's objection (I 187-189a), on cross-examination the defense offered this article in evidence and examined petitioner as to whether he had written it. It needs no extended argument to demonstrate that the article was pure hearsay as to the truth of the matter therein asserted and was admissible, if at all, only to show admissions against interest or to impeach petitioner *if* he had written the article. But petitioner denied he had written the article or had seen or approved it, and he explained on redirect examination that the article was probably written by a Vice-President of Blaw-Knox Company (with which he was then associated) for sales promotional purposes (I 59-61a). There was no other evidence (at trial or on pre-trial discovery) as to responsibility for the "Steel" article.

Thus the jury clearly had the right, if on the state of the record it was not compelled, to conclude that petitioner did not write the article and that, therefore, nothing therein could be taken against him. We have stressed this point not because the "Steel" article is detrimental to petitioner's case (see, e.g., Appendix B, *infra*, item 10), but because it is emphatic and positive and obvious proof that the trial court did not, as it professed to have done,

approach the question of validity of the patents on the basis of conclusions or inferences taken most favorably to the plaintiff. And the same gross invasion of the jury's function was continued with respect to almost every single facet of evidentiary matter bearing on the validity issue.

Even though there were myriad differences between the structures and/or disclosures of the alleged prior art patents and uses and Nachtman's (see, e.g., portion of Statement *supra*, summarizing Reed testimony), the trial court presumed to make its own comparisons. In so doing the trial court overlooked the jury's exclusive right to have entirely ignored Reed's "expert" testimony for the defense purporting to show prior art for which, as the summary of Reed's testimony shows, the jury had ample cause in: (1) Reed's obvious interest, bias and partiality;[8] (2) his lack of candor; (3) the misleading and/or falsified exhibits prepared under his direction in an effort to show differences between Nachtman and J. & L. which did not exist;[9] (4) his admissions of substantial differences between the Nachtman disclosures and patents he (Reed) had

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[8] Even if uncontradicted, Reed's testimony could have been ignored. *Quock Ting* v. *U.S.*, 140 U.S. 417, 35 L. ed. 501 (1891); *The Conqueror*, 166 U.S. 110, 131, 41 L. ed. 937 (1897); *Neville Coke & Chemical Co.* v. *Comm. Internal Revenue*, 148 F. 2d 599, 603, (C.A. 3, 1945), *cert. den.* 326 U.S. 726, 90 L. ed. 431; *The S.C.L. No. 9*, 114 F. 2d 964 (C.A. 3, 1940), holding that the fact that expert opinion evidence was not controverted did not make it binding upon the court, "being oral, its credibility was for the court [or jury] at all times, even though unrefuted."

Reed's interest was even more warrant. *Sonnetheil* v. *Christian Moerlein Brewing Co.*, 172 U.S. 401, 408, 43 L. ed. 492 (1898); *Sartor* v. *Arkansas Natural Gas Corp.*, 321 U.S. 620, 88 L. ed. 967 (1944), no error where jury disbelieved defendant's employees who were presented as "experts" as to the value of gas leases; see also Wigmore on Evidence (3rd ed.) Vol. III, § 949, p. 449.

[9] *The Santissima Trinidad*, 7 Wheat. (U.S.) 283, 5 L. ed. 454, (1822); *Dyer* v. *MacDougall*, 201 F. 2d 265, 269 (C.A. 2, 1952); *N.L.R.B.* v. *Howell Chevrolet Co.*, 204 F. 2d 79, 86 (C.A. 9, 1953).

cited as prior art and; (5) his admitted lack of expertese at critical points of inquiry (see, e.g., fn. 5, *supra*).[10]

That the jury may have properly disregarded the entirety of Reed's testimony—on the validity as well as the infringement issues—is of prime significance in appreciating the trial court's statement of the "facts", because much of what that statement *assumes* to have been established with respect to the disclosures of alleged prior art patents and uses does not clearly appear on the face of the published patents but is actually an adoption of Reed's interpretation, Reed having been the only "expert" appearing for the defense.[11] Thus if, as it had the right and indeed good reason to do, the jury chose to ignore Reed, then there was ruled out as a factual basis for judicial review of the validity questions any interpretations of

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[10] *Aetna Life Ins. Co.* v. *Moyer*, 113 F. 2d 974, 980 (C.A. 3, 1940); *Neff* v. *Pa. R.R. Co.*, 173 F. 2d 931 (C.A. 3, 1949).

[11] For example, the statement by the court (I 345a) that Kirschner brightens by passing the strip through a hot air furnace and then cooling was obviously based on acceptance of Reed's testimony despite the fact that Reed was thoroughly discredited. Reed testified (I 156b) that "The apparatus for brightening by heating the strip . . . is shown in 13 on the Kirschner drawing . . ." This is a false statement. There is no brightening in Kirschner furnace 13 nor does Kirschner say so. There can be no brightening at this point because Kirschner uses an adhesion flux which produces oxides and there can be no brightening until the oxides are eliminated. Kirschner gets no bright coating until after he washes in bath 14. (II 437a, lines 15-20).

Similarly the trial court (I 348a) relied on Reed's testimony as to the Mascuch patent which testimony misled the Court into the view that Mascuch showed the general arrangement used by defendant insofar as patent 2,459,674 is concerned. Reed testified that Mascuch device shows an electrict heater (I 152b) that could heat the steel high enough to brighten tin coated electrocoated strip (I 153b, last paragraph). But Reed knew (I 247a) that Mascuch taught nothing of the kind because Mascuch does not disclose any temperature for his heating which would give brightening and actually Mascuch does not use furnace 26 to brighten but uses the entirely separate and distinct polishing rollers 27 and 27a (II 451a, lines 84-85). The furnace in Mascuch is for annealing, not brightening (I 244a).

alleged prior art offered by Reed in an effort to show anticipation.

Similarly, in construing the terminology of Reissue 20,788 as against the original patent to determine whether it was for the same invention, the trial judge took it upon himself to make this comparison (or to adopt Reed's comparison based on Reed's interpretation) again pre-empting the jury's exclusive prerogative to make the comparison as a question of fact based on the jury's evaluation of what evidence to accept or reject. In determining whether the testimony as to the Acme practice was sufficiently credible[12] the judge again pre-empted the jury's exclusive function of resolving this comparison of structures *and its credibility* as a matter of fact. And in resolving whether what Nachtman developed went beyond prior art in the field and whether it was mere mechanical improvement or invention, the trial judge again encroached upon the jury's exclusive province.

Finally, having given the jury the very instruction requested by defendant as to the applicable law under which it should determine whether plaintiff's patents involved mere aggregation or patentable combination—the hindsight conclusion which, apart from constitutional principle, the jury was equally capable of making as the judge—the trial judge again encroached upon the jury's exclusive prerogative of making that determination as a matter of fact.

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[12] Obviously the jury rightfully may have disbelieved the alleged Acme practice because: (1) The Acme witnesses were not qualified; (2) The Acme people were largely testifying to events many years past; (3) The Acme witnesses contradicted each other; (4) The Acme witnesses were hazy or uninformed on details; (5) No connected and informative plans, specifications or other records were offered to corroborate the alleged Acme practice, and; (6) Petitioner was denied an opportunity to inspect and compare the Acme line (I 183-184a). See *Barbed Wire Patent*, 143 U.S 275, 36 L. ed. 154 (1891) discussed infra II.

To avoid any contention that the foregoing assertions are overstatements to create an issue on petition for a writ of certiorari, counsel have prepared and attach hereto as Appendix B an analysis of some of the factual issues showing with respect to each such issue what was said by the trial judge in his opinion as contrasted with what the evidentiary record shows. That analysis unquestionably reflects that upon factual issue after factual issue, where the evidence or the inferences therefrom were in dispute or open to question, the trial court, although purporting to resolve the factual issue most favorably to petitioner actually resolved the issue most favorably to the defense by ignoring evidence or inferences favorable to petitioner and by adopting as fact certain evidence the probative weight of which was seriously in doubt.

B. No Question Has Been Raised That the Jury Acted Other Than Under Proper Instructions of Law; the Question Is Whether Judge or Jury Are to Resolve Evidentiary Disputes Within the Framework of the Legal Principles Underlying the Concept of Invention.

In summary the evidence showed:

1. That petitioner's patents were issued as combination patents and that, therefore, the Patent Office, after consideration of the same issues raised by the defense, had given its expert view that they were valid combinations. Since by definition a combination does not depend for its validity upon the novelty (or non-anticipation) of any of its constituent elements, that expert appraisal is obviously entitled to far greater weight than the normal presumption of validity flowing from issuance and must be accepted in the absence of evidence in character and amount to carry thorough conviction. *Morgan* v. *Daniels*, 153 U.S. 120, 38 L. ed. 657 (1894); *Miehle Printing Press & Manufacturing Co., et al* v. *Miller Saw Trimmer Co.*, 6 F. 2d 417, 418 (C. A. 3, 1925); *Abbott* v. *Coe*, 71 App. D.C. 195, 109 F. 2d 449, 451 (1940); *General Talking*

Pictures Corp. v. *Amer. Tri-Ergon Corp.*, 96 F. 2d 800, 811 (C.A. 3, 1938).

2. One of petitioner's experts (Mr. Tour) testified to the critical necessity of the claimed pretreatment or preparatory steps for electro-tinning, thus giving in combination with the plating operation, a unitary result that was neither disclosed nor even conceived in the prior art or putative uses.

3. It is undenied and undeniable that continuous electro-tinning resulted in an entirely new product suitable for deep drawing, forming and stamping and commercially produceable in substantial quantity—an established criterion of invention. *Diamond Rubber Co.* v. *Consolidated Tire Co.*, 220 U.S. 428, 434, 55 L. ed. 527 (1911).

4. It is undenied and undeniable that industry had long needed and sought that new result—also a recognized indicium of invention. T. W. Lippert, Metallurgical Editor, *The Iron Age*, in an article entitled "A Unique Tin Plate—A New Producer", on July 2, 1936, wrote:

> "Thus it is not impossible that the conventional hot-dip tin plate industry may have an incipient revolution on its hands—the first radical change in a product which has been familiar for centuries and is today made in essentially the same manner as it was in 77 A. D.
>
> "The United States was long dependent on the British Isles for its tin plate . . ."

5. It is undenied that petitioner designed and installed the first continuous electro-tinning installations—also recognized as an earmark of invention (I 16-21a; I 22-26a; I 45a; and the admissions of defense witness Reed I 218-220a, I 240a, I 261a).

6. The law presumes a patent valid until the person attacking it proves the contrary. 35 U.S.C. 282. The only proof offered by the defense was a mumbo-jumbo

assortment of alleged prior art patents and unproved prior uses, none of which is readily understandable or applicable without expert interpretation—and the only "expert" interpretation offered by the defense (and apparently relied upon below) was that of the thoroughly impeached and discredited Mr. Reed.

In the face of the foregoing evidentiary situation there is no basis for the trial court's statements that it ". . . is unable to pinpoint any contribution to the art which would amount to an invention when applied to tin rather than zinc" [referring to the Acme practice] (I 339a), and that "there is no showing of a new or surprising result or a result which is more than the mere sum of the expected result of the several steps" (I 341a). That there was a *new* result in the Nachtman process is indubitably reflected by the record fact that Nachtman was the first to conceive of and execute a process for producing electroplated tin suitable for deep drawing and stamping, never before available in the art. When the trial court says the result was not surprising nor unexpected, this is clearly a hindsight judgment—substituted for the jury's judgment to the contrary—ignoring the realities of an industry seeking a result but never having obtained it before Nachtman.

The error below becomes more apparent upon an analysis of the *distinct* contributions of the several Nachtman patents which were improperly lumped in the determination below that all of the patents were unpatentable aggregations. Reissue 20,788, (Pl. Ex. 1, II 356a), the granddaddy, gave the world a new result that created a new industry—production of an adherent, uniform, non-porous electrotinplate on annealed and tempered steel strip resulting in a product permitting mechanical operations such as deep drawing, stamping and forming (I 21a).

The burden of the trial court's opinion appears to be that this patent was no more than a Roebling annealing

furnace plus an Acme type of plating line, so that the reissue was both anticipated and a mere aggregation. The first error in this approach—an invasion of the jury's province—is the assumption of fact that the Acme practice was actually what the Acme witnesses said it was. But, as already shown, there were many reasons for the jury to have discarded the alleged Acme use (see fn. 12, *supra*), not the least of which was the fact that the evidence offered was practically entirely oral. See *Barbed Wire Patent*, 143 U.S. 275, 284 36 L. ed. 154 (1891), where 24 witnesses testified orally (143 U.S. at 287) and putative specimen of the wire produced (143 U.S. at 291), which this Court deemed wholly unsatisfactory proof of alleged prior use. To the same effect see *Deering* v. *Winona Harvester Works*, 155 U.S. 286, 39 L. ed. 153 (1894).

The second error in the conclusion below that merely putting a Roebling furnace together with an Acme line did not constitute patentable combination was the assumption that the court was better equipped than the jury to make this ex post facto judgment of *fact* and that the jury's conclusion that the evidence pointed to the fact of combination rather than mere aggregation was constitutionally assailable in the evidentiary circumstances. Among such circumstances was evidence that the Acme line was no more than a zinc plating system, was intended as no more and neither it nor the Meaker system were adapted to electro-tinning (I 137a). Cogent evidence that the Acme-Meaker zinc electro-plating processes are worthless for tin electro-plating is the fact that J. & L. itself does not use Acme-Meaker. Prior use to invalidate must establish that *identically* the same process or apparatus constituted the prior use. *Charles Peckat Mfg. Co.* v. *Jacobs*, 178 F. 2d 794 (C.A. 7, 1949), *cert. den.* 339 U.S. 915 (1950); *James Heddon's Sons* v. *South Bend Bait Co.*, 14 F. 2d 805 (C.A. 7, 1926), *cert. den.* 273 U.S. 137 (1927). The wisdom of this rule in the context of the instant situation is obvious when we consider the uncontradicted

evidence that the Acme zinc electro-plating process could not be used to tinplate and would be inoperative if so applied. Zinc can be prepared for electro-plating by processes which will not prepare the surface properly for tin plating (I 298a). In Acme a lead pan is used to heat the strip, which emerges in red hot condition and thus renders the strip worthless for electro-tinplating (I 299a; see also Reed at I 195a). In short, zinc electro-plating and tin electro-plating are distinct arts (Dean: I 137a) and each requires different critical conditions so that the Meaker-Acme zinc processes do not describe a satisfactory process for electro-tinning (I 298a).

But even assuming the Reissue merely put a Roebling furnace together with an established Acme practice, this constituted far more than merely stringing beads or using two old devices to perform their same old independent functions in the same old way without any new or different unanticipatable result: In the first place, the resultant product is not only entirely different, but has utility for purposes not possible with prior art tin-dip products. In the second place, the Acme-Meaker zinc plating could not be used to make tinplate, and no one ever succeeded in making commercial electro-tinplate of uniform, nonporous, adherent coat prior to petitioner. J. & L. itself does not use the Acme-Meaker line. In the third place, Tour's testimony showed that heating to anneal in combination with slow cooling out of air gave a surface that could be acid-pickled to remove any oxide or coat without producing a useless acid-brittle strip, which strip would be so clean on mere water wash as to obtain in the plating step the adherent, nonporous, uniform electro-tinplate for the first time in the history of the world. Each step modified the next succeeding step as to make the final result possible.

Thus, there was more than sufficient basis for the jury to conclude as a basis for factually finding a true combination that each of the two basic subdivisions of the combination therefore mutually contribute to a new, different

and unitary result. Finally, keeping in mind that "Knowledge after the event is always easy,"[13] we find the real answer to the assertion below that the "court is unable to pinpoint any contribution to the art which would amount to an invention when applied to tin rather than zinc" (I 339a). The plain and simple truth is that the need and the demand were there, Acme-Meaker and all other prior art were there, yet no one, prior to Nachtman, knew how to make electro-tinplate to give an adherent, uniform, nonporous coat—let alone a bright coat! And when petitioner solved the problems of the industry his contributions were warmly embraced. That his methods and apparatus were novel is not open to doubt. The question is, did it involve invention to take these steps and combine them to produce a new article and a new industry? To suggest that reasonable men could not conclude in such circumstances that putting together the indicated elements was unanticipated and invention elevates *ex post facto* wishful thinking to unrealistic dignity.

But even if, *arguendo,* Reissue 20,788 were invalid as anticipated and a mere aggregation, there is no basis for the summary assertion below that the other Nachtman patents in issue were similarly invalid. While the Reissue was the granddaddy patent, nevertheless each of the succeeding patents themselves introduced new revolutionary features essential to their new total unitary result and giving them distinct standing as patentable combinations independent of the validity or invalidity of the Reissue patent. For example, patent 2,240,265 contains claims covering the first teaching in the art of a commercial method for the production of bright electrotinplate made possible by a combination, *inter alia,* of (1) wet mechanical brushing with (2) heating to alloy the tin to the strip while (3) controlling the tension in the electroplating line. It was one of the great contributions to the development of

[13] *Diamond Rubber Co.* v. *Consolidated Tire Co.,* 220 U.S. 428, 435, 55 L. ed. 527 (1911).

the tin can industry. This combination of steps is essentially different from that claimed in the Reissue patent and created a function and result beyond anything taught in that reissue. Hence any holding of invalidity against Reissue 20,788 is in no way determinative of the validity of 2,240,265, whether based on prior art or on the ground of aggregation.

Similar considerations apply to the two remaining Nachtman patents. 2,459,674 covers an apparatus which gave the world for the first time a commercially useful combination for producing bright electro-tinplate, by requiring (1) means to preheat the coated strip but below fusion, in combination with (2) separate means for brief heating to fusion of the coat to get bright plate and (3) quick solidification of the fused coat to set it in unmarred condition, all made possible by (4) control of tension on the strip. It was brilliantly new in both concept and execution. Here again it is at once apparent that the mechanism is entirely different from that necessary to practice the methods of Reissue 20,788 or 2,240,265, so that any holding of invalidity of either of those two prior patents, whether on anticipation by art or of aggregation, does not dispose of the question of the validity of 2,459,674.

And finally, 2,567,074 was also a novel contribution of apparatus elements that made possible modern automatic high-velocity, high-volume production of electro-tinplate, in a plating line that requires, *inter alia*, storage equipment, e.g., loopers at both near the beginning and end of the line, properly placed in an electro-plating system to be coordinated with elements to stop the strip completely at certain points in the line while maintaining rapid continuous movement at other points in the line under controlled tension. This was made possible by the use of elements to provide drag tension to prevent surges of strip and uneven travel, etc., while maintaining control of tension throughout. And all being capable of being handled

mechanically, thus making automatic operation possible. Here again it will be seen that the features go far beyond those of any of the first three mentioned patents to Nachtman and this last patent also contributes a function and result beyond them. So that once again any reasons for invalidity of Reissue 20,788 or 2,240,265 or 2,459,674 do not obtain against 2,567,074.

In the face of the substantial evidence of patentability noted above—of the patentability of each of the Nachtman patents for their several distinct contributions—and the firm basis indicated upon which a jury of reasonable men could conclude, within accepted and undisputed standards of invention, that true patentable combinations were involved, the only explanation for the action of both courts below appears to lie in an approach to jury verdicts in patent cases different from that in other types of litigation. But in *all* cases where a jury sits, patent cases or otherwise, it behooves judges to resist

> ". . . the seductive argument [often] made that a conclusion of fact which appears to the court to be reasonable is so clear that reasonable men could reach no other. If this sort of reasoning is allowed to prevail, however, it means that the courts are substituting their judgment for that of the jury on fact questions in violation of the constitutional requirement."[14]

The constitutional assurance of a jury trial cannot be impaired by judicial tampering with the jury's resolution of disputed facts or inferences within that realm in which reasonable men could differ. See: *Aetna Life Insurance Co.* v. *Ward*, 140 U.S. 76, 88, 35 L. ed. 371, 376 (1890); *Tennant* v. *Peoria & Pekin Union R. Co.*, 321 U.S. 29, 35, 88 L. ed. 525 (1943); *Gunning* v. *Cooley*, 281 U.S. 90, 74 L. ed. 720 (1930).

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[14] From opinion of Chief Judge Parker in *Burcham* v. *J. P. Stevens & Co., Inc.*, 209 F. 2d 35, 38 (C.A. 4, 1954).

This Court's decisions in the patent field early laid down the judicial approach to the jury function in patent cases. In *Battin* v. *Taggert*, 17 Howard 74, 85, 15 L. ed. 37, 41 (1854), the trial court had directed a verdict for the alleged infringer on the basis of patent invalidity. Reversing, this Court stated:

> "This . . . took from the jury, facts which it was their province to examine and determine. It was the right of the jury to determine from the facts in the case whether the specifications, including the claim, were so precise as to enable any person skilled in the structure of machines, to make the one described. This the statute required, and of this the jury are to judge.
>
> "The jury are also to judge of the novelty of the invention, and whether the renewed patent is for the same invention as the original patent; and they are to determine whether the invention has been abandoned to the public. There are other questions of fact which come within the province of a jury, such as the identity of the machine used by the defendant with that of the plaintiff or whether they have been constructed and act on the same principle."

In similar vein, and parallel to the instant case, is *Keyes* v. *Grant*, 118 U.S. 25, 36, 30 L. ed. 54, 58 (1886), where in an action for infringement of an improvement in furnaces for smelting, the defense claimed anticipation by a machine described in an earlier publication. There were differences in the machines and their arrangements and experts disagreed as to whether these differences were material to the result and whether any improvement in plaintiff's machine was the result of invention. Reversing a directed verdict for defendant, this Court held that:

> "Clearly it was not a matter of law that the specifications of the plaintiff's patent, and the publication of Karsten, taken in connection with the drawings, . . . described the same thing . . . this was a question of fact properly to be left for determination to the jury, under suitable instructions . . ."

So too in *Bischoff* v. *Wethered*, 76 U.S. 812, 19 L. ed. 829 (1869), the Court held that the trial court could not instruct the jury as a matter of law that the specifications of a patent in issue compared with those of an alleged prior art patent, but that whether or not they did compare was a matter to be determined by the jury on all the evidence. To the same effect see *Turril* v. *Michigan Southern & N.I.R. Co.*, 68 U.S. 491, 17 L. ed. 668 (1863). So too in *Thompson Spot Welder Co.* v. *Ford Motor Co.*, 265 U.S. 445, 68 L. ed. 1098 (1924), the Court held that the question whether an improvement requires mere mechanical skill or the exercise of the faculty of invention is one of fact, and in an action at law for infringement is to be left to the determination of the jury.

Earlier lower court decisions are to the same effect.[15] Well might the courts below have heeded the opinion in *Heide* v. *Panoulias*, 188 F. 914, 916-917 (C.A. 2, 1911) that:

> "Ordinarily the presence or absence of 'invention' and 'infringement' are questions of fact. When disposed of by the trier of facts in an equity suit, his decision may be reviewed on appeal. When disposed of by the verdict of a jury, properly instructed, its decision on those points are not reviewable on appeal.

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[15] Thus in *Hunt Bros. Fruit Packing Co.* v. *Cassidy*, 53 Fed. 257 (C.A. 3, 1892), the court held that whether there was infringement of a patent for fruit dryers and whether the use of a particular device therein was known at the time of plaintiff's application, were questions of fact to be left to the jury. In *Carver* v. *Braintree Mfg. Co.*, Fed. Case No. 2,485, 2 Story, 432 (C.C. Mass., 1843), the court held that objections that a patent invention is old, or that the original and the renewed patent are not for the same invention or that either were obtained with a fraudulent intent, all involve matters of fact, and are for the jury to decide. To the same effect see *Poppenhusen* v. *Falke*, Fed. Case No. 11,279, (C.C. N.Y., 1861), holding that whether a reissued patent is for the same invention as the original, is a question of fact for the jury. See also *Foote* v. *Selsby*, Fed. Case, No. 4,916 (C.C. N.Y., 1849), aff'd 55 U.S. 218; *Washburn* v. *Gould*, Fed. Case No. 17,214, 3 Story 122 (C.C. Mass., 1844).

"In the case at bar there was conflicting testimony as to both invention and infringement. The experts disputed as to how prior patents worked and as to whether they were practical. They disputed vigorously as to the meaning of the phrase 'dipping frame', used in the claim, whether it would convey to one skilled in the art the idea both of a pin-bar and of a wire mesh basket. They disputed as to whether a machine made under the patent in suit would or would not work. *We are satisfied that under the authorities cited the trial judge would have committed error, had he decided these questions of validity and infringement, instead of sending them to the jury.*" (Emphasis supplied.)

Cf. Walker on *Patents* (5th ed.) § 536.

On the conflicting evidence in the record in this case the issues incident to the question of patentability were essentially no different than the issue of negligence in a tort action, as to which this Court, in *Schulz* v. *Pa. RR. Co.*, 100 L. ed. 430, 432-433, stated:

"In considering the scope of the issues entrusted to juries in cases like this, it must be borne in mind that negligence cannot be established by direct, precise evidence such as can be used to show that a piece of ground is or is not an acre. Surveyors can measure an acre. But measuring negligence is different. The definitions of negligence are not definitions at all, strictly speaking. Usually one discussing the subject will say that negligence consists of doing that which a person of reasonable prudence would not have done, or of failing to do that which a person of reasonable prudence would have done under like circumstances. Issues of negligence, therefore, call for the exercise of common sense and sound judgment under the circumstances of particular cases. 'We think these are questions for the jury to determine. We see no reason, so long as the jury system is the law of the land, and the jury is made the tribunal to decide disputed questions of fact, why it should not decide such questions as these, as well as others.' . . .

> ". . .'The very essence of its function is to select from among conflicting inferences and conclusions that which it considers most reasonable.' Fact finding does not require mathematical certainty. Jurors are supposed to reach their conclusions on the basis of common sense, common understanding and fair beliefs, grounded on evidence consisting of direct statements by witnesses or proof of circumstances from which inferences can fairly be drawn."

The effort below to equate the situation here with that in such cases as *Packwood* v. *Briggs & Stratton Corp.*, 195 F. 2d 971 (C.A. 3, 1952), *cert. den.* 344 U.S. 844, or *A. & P.* v. *Super Market Equipment Co.*, 340 U.S. 147, 95 L. ed. 162 (1950), as a self-justification for interference with the jury's verdict ignores the realities of a simple, obvious structure on the one hand and the complexities of that involved on the other. There is no parity between the simple devices of *Packwood* and *A. & P.* and those here requiring resolution of complex disputed evidence and comparison of complex structures in order to arrive at a conclusion whether there was anticipation and whether the elements of the structures in issue mutually contributed to each other to create a new unitary combination result.

To assume the absence of an area of factual dispute over the involved structures here would be to ignore even the trial judge's own involved and labored analysis of evidence and comparison of structures to reach the result he did. It would also ignore the Patent Office expert conclusion of patentability, the testimony of expert witnesses at trial that true elements of combination were involved, and finally, it would ignore that on defense motion for summary judgment and on defense motion for a directed verdict, the trial judge himself could not find such a simple and obvious anticipation or lack of patentable combination as to warrant granting either of said motions.

Whether Nachtman contributed a new and surprising result is no more measurable with certainty than is the

issue of negligence and, therefore, both are issues of fact for the jury. Moreover, while in an ordinary negligence or contract action the constitutional assurance of a right to jury trial is merely for the protection of the litigants themselves, in patent cases resolution of the issue of invention vitally affects the community at large which ultimately pays for the monopoly of the patent and which likewise benefits from its fruits. In such circumstances there is warrant for having the determination of invention or lack of invention made by a broader representative base of the community, namely the jury.

We do not take issue with the views below that the jury's verdict must be consistent with standards and rules developed for use as guides to the systematic and orderly definition and application of the concept of invention (slip opinion, page 3). But that statement of principle cannot be used, as it has below, to avoid the ultimate question whether judges or juries are to be given the right to sift and analyze the evidence to ascertain whether it does so accord with such rules and principles. When, as here, application of the rules and standards for invention involves determining points of similarity and dissimilarity between the structures of the patents in issue and alleged prior art, whether there is novelty in the patents in issue, whether those patents are true combinations (i.e., whether there is mutual interdependence of their elements to obtain a new unitary result or whether the elements are merely old devices strung together like beads, each element performing in the same old way with new result)—when, as here, resolution of such problems necessarily involves selective review of the evidentiary record, an evaluation of credibility of witnesses and the probative weight of testimony—then in these circumstances application of the pertinent standards for invention is necessarily a function solely for the jury acting under appropriate instructions from the trial court.

C. This Court Has Had No Occasion in This Century to Define the Limits of Judicial Review of Jury Verdicts in Patent Cases; a Restatement of the Constitutional Limits of Review Would be Timely Because of the Current Trend to Substitute Judicial Views of the Facts for Jury Findings.

As we have shown, notwithstanding the lip service given below to the respective spheres of judge and jury, the trial judge, with later appellate approval, entirely misconceived his function in relation to the jury verdict. *Battin* v. *Taggert* and the other early decisions of this Court noted *supra* clearly articulated the supremacy of the jury in resolving evidentiary disputes, comparing structures and performing the other incidents of fact finding in patent litigation (whether on the issue of validity or that of infringement) just as in other jury cases. But with the passage of time the lower courts have departed from the constitutional standards thus expressed.

The decisions below are evidence of a not episodic—though erroneous—modern notion that in patent litigation the jury is not to be trusted with, or is not capable of making, ultimate factual resolutions, particularly on questions of validity. Unless the constitutional expressions of *Battin* v. *Taggert* are authoritatively restated increasing currency may be given the notions below that the jury's prerogatives and functions are diminished and those of the judiciary correspondingly enlarged in resolving factual matters incident to the determination of the validity of patents. It is therefore imperative, we submit, that this Court take this occasion to exercise its supervisory jurisdiction to bring the lower courts back within the limits of the constitutional standards for review of jury verdicts applicable to patent and other litigation alike.

II.

THE EVIDENCE OF PATENTABILITY WAS NOT MORE SUBSTANTIAL BECAUSE OF THE PROCEDURAL ERROR OF THE TRIAL COURT IN EXCLUDING REBUTTAL PROOF OF VALIDITY; THE TRIAL COURT'S RULING IS CONTRARY TO THE STATUTORY PRESUMPTION OF VALIDITY IMPOSING THE BURDEN OF PROOF OF INVALIDITY ON THE DEFENSE.

On plaintiff's case in chief there was no particular effort to adduce evidence of the validity of the patents in issue because 35 U.S.C. 282 provides that "a patent shall be presumed valid. The burden of establishing invalidity of a patent shall rest on a party asserting it." After an extensive defense effort to establish invalidity of the patents, petitioner, in rebuttal, attempted to go into the validity question to show, for example, through the witness Tour, the relation of the alleged prior art to petitioner's patents from the standpoint of showing that petitioner's patents covered patentable combinations (I 289a, 291a, 292a, 295a, 308a). This was the subject of an extensive colloquy between the trial court and counsel at the beginning of Tour's rebuttal testimony (see particularly I 289-289a), resulting in the court's conclusion that because petitioner had relied, in his case in chief, on the presumption of validity he could not in rebuttal go back to the issue of validity except to rebut specific assertions with respect to prior art patents relied upon in the defense.

In the face of the clear language of the statute this was plain error which was urged upon the court below but not commented upon in its opinion. Certainly the inhibiting effects of the trial court's ruling in establishing the validity of petitioner's patents is obvious and in the petition for rehearing below petitioner summarized the type of evidence that would have been offered but for the trial judge's erroneous ruling (see Petition For Rehearing, pp. 9-12).

The question here raised does not appear to have been the subject of any direct holding previously by this Court

or any of the lower courts, possibly because the statute is so clear on the subject. However, in *Mumm* v. *Decker & Sons*, 301 U.S. 168, 171-2 81 L. ed. 983, 985-6 (1937), this Court did say:

> "In a suit for infringement of a patent it is not a part of the plaintiff's case to negative prior publication or prior use . . . These are matters of affirmative defense. The issue of the patent is enough to show, until the contrary appears, that all conditions under which a discovery is patentable in accordance with the statutes have been met. Hence, the burden of proving want of novelty is upon him who avers it. Walker, Patents, § 116. Not only is the burden to make good this defense upon the party setting it up, but his burden is a heavy one, as it has been held that 'every reasonable doubt should be resolved against him.' . . . What must be so completely established by the defendant cannot be regarded as a part of the plaintiff's case . . ."

Thus, *Mumm* v. *Decker & Sons, supra,* would indicate material error in the trial judge's procedural approach to proof on the issue of validity. But the matter is of such substantial significance that it ought to be squarely considered and determined by this Court as a guide for the future trial of patent cases in the lower courts.

III.

THE DIRECTED VERDICT ON THE CAUSE OF ACTION FOR WRONGFUL MISAPPROPRIATION DEPRIVED PLAINTIFF OF HIS RIGHT TO A JURY TRIAL ON THIS CLAIM: THE RULINGS BELOW THAT A CAUSE OF ACTION WAS NOT ESTABLISHED CONFLICT WITH DECISIONS OF OTHER CIRCUITS.

As reflected more fully in the Statement, *supra,* the evidence showed that while petitioner was associated with the Blaw-Knox Company, he and other officials negotiated with Jones & Laughlin with a view to selling and installing electro-tinning lines at J. & L. incorporating petitioner's conceptions, and that, in the course of those negotiations,

they disclosed to J. & L. engineering detail and data beyond the disclosures of then or later patents, and finally, that the tin lines disclosed in the so-called Blaw-Knox submissions to J. & L. corresponded with the tin lines later constructed and in use at J. & L.'s plant.

In this evidentiary posture it was plain error for the trial court to have directed a verdict on the misappropriation claim. Independent of the protection afforded by the patent laws, equity will not suffer one to use or disclose an idea or trade secret when such use or disclosure would constitute a breach of confidence. Restatement, *Torts*, § 757(b). Thus *Macbeth-Evans Glass Co.* v. *Schnelbach*, 239 Pa. 76, 86 A. 688 (1913) held that a plaintiff is entitled to relief when he has shown the following elements: (1) the existence of a trade secret or secret process of manufacture (2) which is communicated to the defendant (3) while he is in a position of trust and confidence and (4) use by the defendant to the injury of the plaintiff. (Note: The disclosures here in question were made and misappropriated in Pennsylvania.)

Since petitioner possessed detailed plans and specifications for a complicated process of electro-tinning, then unknown and not in general use in the industry, it is clear that he (via Blaw-Knox) was in possession of a "trade secret" or a "secret process of manufacture". See Restatement, *Torts*, § 757, Comment b, Definition of trade secret. See also *Smith* v. *Dravo Corp.*, 203 F. 2d 369 (C.A. 7, 1953), decided under Pennsylvania law. The detailed plans and specifications for electro-tinning equipment provided, as Dr. Dean testified, an engineering basis beyond the disclosures of the patents and are thus clearly encompassed within the definition of a "trade secret" or a "secret process of manufacture". And it was admitted defendant received and reviewed those detailed plans and specifications in the course of and as a result of negotiations looking towards its purchase of a tinning line. Simi-

larly the evidence unquestionably established, by comparison of structures, Jones and Laughlin's ultimate use of the Blaw-Knox disclosures.

In the circumstances the only real question of *fact* was whether Jones & Laughlin was in a position of trust and confidence when it received these disclosures. In this connection, stripped of all surplusage, the relationship of the parties was one of prospective buyer and seller; petitioner had an electro-tinning process he desired to market and J. & L. was a potential buyer. And the detailed plans, together with prices, were submitted to enable J. & L. to evaluate them for the purpose of consummating a sale. In those circumstances, although there were no express terms that J. & L. would hold petitioner's plans in trust and not use or disclose them, a disclosure in confidence was implicit. It was so held on almost identical facts in *Smith* v. *Dravo Corp., supra.* See also *Hoeltke* v. *C. M. Kemp Mfg. Co.*, 80 F. 2d 912, (C.A. 4, 1936), *cert. den.* 298 U.S. 673; *Schreyer* v. *Casco Products Corp.*, 190 F. 2d 921 (C.A. 2, 1951). See also Restatement, *Torts*, § 757, Comment on clause (b), p. 13; *Booth* v. *Stutz Motor Car Co.*, 56 F. 2d 962 (C.A. 7, 1932).

While the trial court did not clearly articulate the reasons for its direction of a verdict on the misappropriation claim beyond referring to an insufficiency of evidence thereon (see I 321a), the court below purported to find a series of reasons justifying that action, none of which, in our view, detracts from the clear conflict between the rulings below and the decisions in other circuit courts of appeal and the highest court of Pennsylvania enunciating Pennsylvania law applicable in this case. That conflict of decisions was noted in the Petition for Rehearing below which analyzed, *seriatim*, each step of the last paragraph of the opinion below to show the lack of foundation therefor. That petition showed: (1) that the assertion that the misappropriation claim "was not strongly pressed", even if it were true—which the record plainly shows it

is not—is no reflection on the merits of the claim and that claims for misappropriation are frequently asserted supplementary to patent claims and upheld even when the primary patent claim fails; (2) that the assertion petitioner abandoned his claim for separate damages with respect to the cause of action for misappropriation, is without record foundation; (3) that even if petitioner's patents were unpatentable aggregations, they were *not* freely available to Jones & Laughlin because, as Dr. Dean's *uncontradicted* testimony showed, the Blaw-Knox submissions (which were the subject of the distinct cause of action for wrongful misappropriation) went beyond the disclosures of the patents, and because the validity or invalidity of the patents themselves would legally have no effect on the distinct cause of action for wrongful misappropriation (citing *Schreyer* v. *Casco Products Corp.* and *Smith* v. *Dravo Corp.*, both *supra*); (4) that the assertion that "there was no evidence that a trust relationship between plaintiff and defendant was created by the transaction" ignores numerous decisions of other circuits and in Pennsylvania that a confidential relationship is implicit in the type of transaction in question, and that if, in a non-jury case, a court could imply confidence from such circumstances, there was no basis below to foreclose the jury from finding as a fact that confidence should be implied in like circumstances; and (5) that the assertion it was Blaw-Knox and not petitioner which made the submissions and that Blaw-Knox has not complained, was grossly unfair to petitioner's strenuous efforts, blocked by the trial court, to offer evidence of his financial relationship with Blaw-Knox and his interest in any disclosures made by them.

Thus, the decision below is plainly in conflict with the decisions of other courts of appeal holding that a confidential relationship, breach of which is actionable, may be implied in circumstances such as are here present so that certainly whether such confidence could be implied in

the circumstances here was a *factual* matter for resolution by the jury.

CONCLUSION

The decision below, both with respect to the cause of action for patent infringement and that for wrongful misappropriation, represents a gross departure from our constitutional jury tradition applicable in patent cases as well as in other litigation, requiring the exercise of this Court's supervisory jurisdiction to assure the integrity of the jury process and the right to constitutional trial by jury. If more than lip service to the jury system is to be compelled in patent litigation, and if, in such litigation, the power of review of trial courts on motion for judgment n.o.v. or of appellate courts, is to be kept within historically proper channels, then the action of the court below must be reviewed and reversed here.

Additionally, the courts below have decided an important question of procedure, relating to method of proof in patent litigation, contrary to the terms of statute and requiring this Court's consideration for the future guidance of lower courts, and have decided a question of substantive law in a manner in conflict with the decisions of other Courts of Appeal so that resolution of the conflict by this Court is both desirable and necessary.

Accordingly, this petition for a writ of certiorari should be granted.

Respectfully submitted,

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